

CARMICHAEL OUTREACH INC.

Financial Statements

Year Ended June 30, 2023

CARMICHAEL OUTREACH INC.
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Year Ended June 30, 2023

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DUDLEY & COMPANY LLP

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Carmichael Outreach Inc.

Qualified Opinion

We have audited the financial statements of Carmichael Outreach Inc. (the organization), which comprise the statement of financial position as at June 30, 2023, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from cash donations, in kind donations, and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Board of Directors of Carmichael Outreach Inc. *(continued)*

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan
November 21, 2023





Dudley & Company LLP
Chartered Professional Accountants

CARMICHAEL OUTREACH INC.
Statement of Financial Position
June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 262,357	\$ 346,183
Term deposits (Note 3)	206,182	200,802
Accounts receivable (Note 4)	25,469	45,377
Prepaid expenses	6,171	5,105
Goods and services tax recoverable	1,603	6,230
	501,782	603,697
CAPITAL ASSETS (Note 6)	1,730,521	1,793,668
	\$ 2,232,303	\$ 2,397,365
LIABILITIES		
CURRENT		
Accounts payable (Note 7)	\$ 67,123	\$ 117,232
Deferred contributions (Note 8)	140,921	177,125
Deferred contributions related to capital assets (Note 9)	408,124	415,037
	616,168	709,394
Callable debt due thereafter (Note 10)	949,313	982,136
	1,565,481	1,691,530
LONG TERM DEBT (Note 12)	-	40,000
	1,565,481	1,731,530
NET ASSETS		
Capital assets fund	373,072	396,495
Unrestricted fund	293,750	269,340
	666,822	665,835
	\$ 2,232,303	\$ 2,397,365

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes form an integral part of these financial statements

CARMICHAEL OUTREACH INC.
Statement of Revenues and Expenses
Year Ended June 30, 2023

	2023	2022
REVENUES		
Donations	\$ 597,085	\$ 585,362
Donations - in kind <i>(Note 11)</i>	149,550	42,160
Government Grants	207,583	356,968
Events and Fundraisers	123,763	99,469
Non-Government Grants	79,503	163,072
Health Services Catering	50,659	-
Foundation Funding/Grants	51,845	83,726
Other Income	14,808	11,949
Capital Grant Income	17,005	16,990
	<u>1,291,801</u>	<u>1,359,696</u>
EXPENSES		
Payroll	690,939	695,668
Program Expenses	159,294	104,852
Program Expenses - in kind <i>(Note 11)</i>	133,025	42,039
Administrative Expenses	166,017	147,401
Operations	81,606	84,016
Contracted Services	34,038	58,203
Contracted Services - in kind <i>(Note 11)</i>	16,525	-
Vehicle	7,985	17,157
Non-recoverable GST	-	3,965
	<u>1,289,429</u>	<u>1,153,301</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	2,372	206,395
OTHER INCOME		
Loss on disposal of assets	<u>(1,385)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 987	\$ 206,395

The accompanying notes form an integral part of these financial statements

CARMICHAEL OUTREACH INC.
Statement of Changes in Net Assets
Year Ended June 30, 2023

	Capital Assets Fund	Unrestricted Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 396,495	\$ 269,340	\$ 665,835	\$ 459,440
EXCESS OF REVENUES OVER EXPENSES	(10)	997	987	206,395
PURCHASE OF CAPITAL ASSETS	12,575	(12,575)	-	-
LOSS ON DISPOSAL OF CAPITAL ASSETS	(1,385)	1,385	-	-
DEFERRED REVENUE FOR CAPITAL PROJECTS NET CHANGE	6,913	(6,913)	-	-
AMORTIZATION	(74,339)	74,339	-	-
REPAYMENT OF TERM LOANS DUE ON DEMAND	32,823	(32,823)	-	-
NET ASSETS - END OF YEAR	\$ 373,072	\$ 293,750	\$ 666,822	\$ 665,835

The accompanying notes form an integral part of these financial statements

CARMICHAEL OUTREACH INC.
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash receipts from grants, fundraising, and donations	\$ 1,118,168	\$ 1,353,671
Cash paid for program service expenses	(379,432)	(256,895)
Cash paid for payroll	(690,939)	(665,972)
Interest paid	(46,347)	(39,220)
Interest income	5,501	802
	<u>6,951</u>	<u>392,386</u>
Cash Flows From (For) Operating Activities		
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Purchase of capital assets	(12,575)	(79,879)
Purchase of term deposits	(5,379)	(200,000)
	<u>(17,954)</u>	<u>(279,879)</u>
Cash Flows From (For) Investing Activities		
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
Repayment of long term debt	(72,823)	(181,274)
	<u>(72,823)</u>	<u>(181,274)</u>
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
DECREASE IN CASH FLOWS	(83,826)	(68,767)
Cash - beginning of year	<u>346,183</u>	<u>414,950</u>
CASH - END OF YEAR	\$ 262,357	\$ 346,183

The accompanying notes form an integral part of these financial statements

CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

1. PURPOSE OF THE ORGANIZATION

Carmichael Outreach Inc. (the "organization") is a not-for-profit organization of Saskatchewan. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide facilities, recreation, social activities, education, clothing, food, household goods and other necessities to people in need in the City of Regina and surrounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Contributed goods and services

The organization recognizes donated goods and services when the fair values of such items are known or can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

Fundraising revenue is recognized when received.

Donations and grants received that are capital in nature are deferred and recognized over the useful life of the related contributed asset.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	4%
Automotive	30%
Computer equipment	45%
Equipment	20%
Signage	20%

The cost for contributed capital assets is considered to be the fair value at the date of contribution.

The organization performs impairment testing on capital assets held for use whenever events or changes in circumstances indicate that the carrying value of the asset, may not be recoverable. Impairment losses are recognized when the undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in excess of revenues over expenses for the year.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

All financial instruments are subsequently measured at cost or amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

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CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial asset impairment

The organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Government assistance

The organization recognizes government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. Government assistance toward current expenses is recognized in income for the period as other income.

3. TERM DEPOSITS

Term deposits mature in June 2024 (2022 - June 2023) and bear interest at 4.05 to 4.15% (2022 - 2.70%).

4. ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	2023	2022
Trade receivables	\$ 25,469	\$ 35,377
Forgivable portion of CEBA loan	-	10,000
	\$ 25,469	\$ 45,377

5. BANK INDEBTEDNESS

At June 30, 2023, the organization has a line of credit totalling \$50,000 (2022 - \$50,000), none of which was drawn. The line of credit bears interest at bank prime plus 2.50% and is secured by a general security agreement.

CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 226,187	\$ -	\$ 226,187	\$ 226,187
Buildings	1,731,816	290,158	1,441,658	1,501,727
Automotive	39,075	35,167	3,908	5,582
Computer equipment	2,400	2,279	121	457
Equipment	105,216	46,824	58,392	59,397
Signage	622	367	255	318
	<u>\$ 2,105,316</u>	<u>\$ 374,795</u>	<u>\$ 1,730,521</u>	<u>\$ 1,793,668</u>

7. ACCOUNTS PAYABLE

Accounts payable are comprised of the following:

	2023	2022
Trade payables	\$ 22,386	\$ 36,063
Payroll Liabilities: Accrued Wages Payable	6,951	27,336
Source deductions payable	19,288	35,503
Vacation payable	11,659	18,330
Banked time payable	6,839	-
	<u>\$ 67,123</u>	<u>\$ 117,232</u>

8. DEFERRED CONTRIBUTIONS

Contributions are received from contributors who have restricted their use for specific programs operated by the organization. Recognition of these amounts as revenue is deferred to the periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance beginning of the year	\$ 177,125	\$ 106,002
Received during the year	218,292	177,125
Recognized as revenue during the year	<u>(254,496)</u>	<u>(106,002)</u>
	<u>\$ 140,921</u>	<u>\$ 177,125</u>

CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred capital contributions consist of the unamortized amount of contributions received for the building purchase and renovation project. Recognition of these amounts as revenue is deferred to periods when the related building is amortized. Changes in deferred capital contributions are as follows:

	2023	2022
Balance beginning of the year	\$ 415,037	\$ 424,748
Received during the year	10,092	7,279
Recognized as revenue during the year	(17,005)	(16,990)
	\$ 408,124	\$ 415,037

10. TERM LOAN DUE ON DEMAND

Mortgage payable in monthly instalments of \$6,578 including interest at 4.8841%, secured by building with a net book value of \$1,591,658 (2022 - \$1,651,727) and a general security agreement. The mortgage matures on June 1, 2025.

Principal due in one year

	2023	2022
	\$ 949,313	\$ 982,136
	-	-
	\$ 949,313	\$ 982,136

Principal repayment terms are approximately:

2024	\$ 33,306
2025	916,007
	\$ 949,313

Long-term debt is subject to certain financial covenants with respect to the organization providing audited financial statements within 90 days of year-end. As at June 30, 2023, the organization is in compliance with such covenants.

The mortgage is due on demand and therefore has been classified as current.

11. CONTRIBUTED MATERIALS AND SERVICES

During the year, the following goods and services were contributed and are reflected in the statements at their respective fair values: donated professional fees of \$16,525 (2022 - \$Nil), donated food of \$58,772 (2022 - \$24,923), and donated supplies of \$74,253 (2022 - \$17,116).

CARMICHAEL OUTREACH INC.
Notes to Financial Statements
Year Ended June 30, 2023

12. LONG TERM DEBT

	2023	2022
<p>Conexus CEBA loan payable with no set monthly instalments. Loan is interest free until December 2023 after which monthly interest only payments are required at 5% per annum between January 2024 and December 2025. The loan is unsecured and is due in full on December 2025. The loan was repaid in full on June 30, 2023.</p>	\$ -	\$ 40,000

13. FINANCIAL INSTRUMENTS

The organization as part of its operations, carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. At June 30, 2023, four customers (2022 - three customers) accounted for 97.1% (2022 - 96.4%) of the trade receivables. The organization believes there is no unusual exposure associated with the collection of these receivables. The organization performs regular credit assessments of its customers and provides for potentially uncollectable accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily with respect to its mortgage for \$949,313 obtained through Conexus Credit Union. The mortgage has a variable interest rate of 4.884%.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

14. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform to the current year's presentation.